



STATEMENT FOR THE RECORD

OF

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FOR THE HEARING ON

“CERTAIN EXPIRING TAX PROVISIONS”

BEFORE

**THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES**

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On behalf of TrueBlue, Inc. (“TrueBlue”), thank you for the opportunity to submit this statement for the record. We applaud the Subcommittee and the Committee for its leadership on the important issue of tax extenders.

Despite their temporary nature, tax extenders nonetheless form a critical part of our nation’s tax code. A provision of significant interest is the Work Opportunity Tax Credit (“WOTC”), which has been part of the fabric of the tax code for decades. WOTC largely expired on December 31, 2011, along with a number of other meritorious tax policies.

Looking ahead, tax reform offers an opportunity to review WOTC and consider a permanent solution, ending the constant cycle of expiration and extension. In the meantime, we strongly urge Congress to seamlessly extend WOTC without delay. At a time of intransigent unemployment, particularly among WOTC’s target groups, the lapse in WOTC is a significant setback for job creation in our nation. Consequently, extension of this important policy simply cannot wait.

TRUEBLUE

TrueBlue is a leading supplier of temporary work. In 2011, TrueBlue connected approximately 300,000 people to work, paying nearly \$600 million in wages and serving nearly 150,000 businesses in the service, retail, wholesale, manufacturing, transportation, and construction industries. TrueBlue also employs 2,500 regular headquarter and branch staff.

TrueBlue provides temporary blue collar and skilled work through five lines of business: Labor Ready; Spartan Staffing; CLP Resources; Plane Techs; and Centerline. The TrueBlue family of companies is committed to providing individuals with opportunities for growth and customers with the help they need to succeed in today’s competitive environment.

As a leading supplier of temporary work, TrueBlue provides employment opportunities to and a bridge to permanent jobs for many who otherwise face barriers to entering the workforce. Annually, approximately 40,000 applicants are eligible and approximately 8,000 are ultimately approved for WOTC.

TEMPORARY WORK

Temporary employment plays a critical role in the economy by providing employment flexibility for workers and businesses. Temporary staffing firms employ more than 10 million people each year. These jobs offer millions of people the opportunity to work, particularly as the economy continues its fragile recovery.

Temporary employment is critical to mitigating unemployment, while offering a significant opportunity to find permanent employment through temporary jobs. Temporary employment also provides people with on-the-job training, allowing them to learn new skills and expand their knowledge base, which can later be transferred to other employers and strengthened.

At the same time, temporary employment provides businesses with the opportunity to support or supplement their workforce in various work situations, such as employee absences, skill shortages, seasonal workloads, and special assignments or projects. Moreover, in the current economy, temporary employment is leading the jobs recovery by allowing employers to gauge business and economic conditions before committing to permanent hires.

In TrueBlue's experience, the average tenure of a temporary employee is approximately one month per year. However, even if someone works for us for *one day*, that person is an employee of the company rather than an independent contractor. Employee status integrates workers into the U.S. economy, ensuring that they are eligible to work in the U.S., that all workers' compensation, unemployment, and income taxes – as well as any court-ordered garnishments – are withheld and collected, and that W-2s report income accurately.

WORK OPPORTUNITY TAX CREDIT

WOTC is a tax credit provided to employers who hire individuals from several targeted groups who face significant barriers to employment. Examples of WOTC-targeted employee groups include veterans who either are food stamp recipients or are unemployed and suffering a service-connected disability, former felons, disconnected youth, and members of families receiving benefits under the Temporary Assistance for Needy Families Program ("TANF").

WOTC and its predecessors, the Targeted Jobs Tax Credit ("TJTC") and the Welfare to Work ("WTW") Tax Credit, have existed since 1977, except for a brief lapse in the 1990s. Since WOTC was established in 1996, it has not been comprehensively reformed and has been temporarily extended nearly a dozen times. WOTC was last significantly considered in 2007, when it was modified and extended through August 31, 2011 in the Small Business and Work Opportunity Tax Act of 2007. In 2010, WOTC was extended through December 31, 2011 by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. WOTC for most target groups expired as scheduled at the end of 2011, though WOTC for certain veterans' populations was extended through December 31, 2012 by the 3% Withholding Repeal and Job Creation Act.

WOTC is a selective hiring tax incentive to encourage employers to hire members of certain groups that face barriers to entering the workforce. WOTC focuses on workers perceived to have relatively low skill levels, making them less attractive to employers. These groups suffer from higher unemployment and lower wages. Stated differently, WOTC lessens the impact of the productivity gap between the target group members and other workers, encouraging employers to take a chance and hire workers they may otherwise not.

Once in the workforce, workers in the target group gain experience and on-the-job training, allowing them to subsequently "climb the ladder" to higher-skilled and higher-paying jobs. Through WOTC, more long-term welfare recipients – the most difficult cases – are being employed in the private sector and 7 out of 10 welfare recipients are using WOTC to find private sector jobs, according to a 2011 study by Peter Cappelli of the Wharton Business School at the University of Pennsylvania.

Moreover, WOTC works. In 2011 alone, more than 1.1 million workers found jobs through WOTC. Further, this important tax policy enables these workers to move into self-sufficiency as they earn a steady income and become contributing taxpayers. The Cappelli study found that individuals hired under WOTC go on to become productive employees who are no longer dependent on public assistance. In this manner, WOTC provides a relatively less costly mechanism to assist people who may otherwise rely on public assistance. The Cappelli study found that WOTC is one of the most successful and cost effective federal employment programs.

CONCLUSION

Allowing this provision to expire at a time of persistently high unemployment is a significant setback for job creation and the provision should be expeditiously extended. Moreover, in the longer term, Congress should make WOTC permanent, since it has proven to be an efficient incentive for businesses to provide jobs for workers who might otherwise fall through the cracks. Doing so would further provide taxpayers with predictability and certainty in the tax code.

TrueBlue greatly appreciates the opportunity to submit this statement. We are pleased to serve as a resource to the Congress, the Committee, and the Subcommittee on these and related matters. We look forward to our continued work together on these important issues.